China's Belt & Road Initiative in the EU: Perceptions, Differences and Influence on the Example of Germany and Italy

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Abstract: In 2013, the Chinese government announced the Belt & Road Initiative (BRI) with one of the major goals to improve connectivity across Eurasia. China has been signalling to the EU member states they are welcome to joint activities on BRI. This paper focuses on analysing China's recent initiative by explaining EU perspectives and the role of the BRI by example of Italy and Germany, i.e. two major EU economies. The results show that there are significant differences in perception of the BRI within these economies. While Italy has followed the CEE countries, which fully support BRI at both government and corporate level and record many investments, Germany has been much more sceptical, especially at the government level. Although China is making large investments in Germany, BRI has yielded no tangible investment activities there. Rather, BRI activities related to Germany have remained limited to railway operation projects connecting Germany and China.

Keywords: BRI, China, investment, Italy, Germany

JEL Classification codes: F10, F50, P45

INTRODUCTION

China is experiencing an unprecedented economic growth thanks to post-1978 reforms, the decline of ideological dogmas, and the opening up of many components of international business. These actions brought China the position of the world's third-largest economy in 2007 in terms of GDP. Since 2010, when China also overtook Japan, it is in the second place behind the USA. In 2020, the World Bank's International Comparison Program set a new purchasing power parity (PPP) with the reference year of 2017. The International Monetary Fund (IMF) has used a newly established PPP in the report - *World Economic Outlook* (2020) and admits that China, based on this methodology, overtook the US in terms of GDP generated in the so-called constant prices. However, it will take some time before China overtakes the USA in terms of GDP expressed in current prices, not adjusted for purchasing power. However, China, led by President Xi Jinping, does not hide its ambition to achieve this goal and become the largest, rich, and fully developed economy, which is supported in recent years by grand growth strategies.

The biggest not only geographically but also in terms of investment is a trillion-dollar revival of the Silk Road in the form of the Belt & Road Initiative (BRI). There is no official definition of BRI. According to China's National Development and Reform Commission (NDRC) action plan (2015), the initiative is ,,aimed to promoting the connectivity of Asian, European and African continents and their adjacent seas." Ghiasy and Zhou (2017) better explain BRI as a Chinese proposal to interlink the countries and economies of the Eurasian continent through a range of projects focused foremost on infrastructural development and connectivity, and coordination of national and regional development plans. The BRI should thus expand and interconnect transport networks and markets, disperse and improve Eurasia's production capacity, facilitate the transit of goods, capital, energy, raw materials as well as information, people and culture. They should achieve this through significant investments in road, rail, maritime, and aviation infrastructure, together with ancillary equipment such as power grids, power pipelines, and high-speed fiber optic cables. The BRI does not limit the number of participating countries, and this changes every year. The country's participation in the initiative is implemented through bilateral agreements - cooperation agreements and memorandums of understanding (MoU). There is no official list of countries and organizations that have already signed BRI MoU agreements with China. However, the official Chinese Belt & Road (2020) portal registers 138 participating countries.

The origins of the BRIs stem from the ancient trade ,,silk" routes that connected Asia and Europe, which is why the main trajectories of the initiative are primarily (but not only) aimed at connecting the Eurasian landmass and ports. However, this is not the only reason. According to Cornell a Swanström (2020) China and the EU are at the opposite ends of the Eurasian continent, yet this landmass is increasingly acting as a bridge rather than a barrier between them. Trade between these leading world powers has grown significantly in the last decade. Total foreign trade turnover rose from about $365.4 billion in 2009 to $704.6 billion in 2019, an increase of over 90%. China is the EU's second-biggest trading partner behind the US (and the most important trading partner outside the EU for most member countries). The EU is China's biggest trading partner (European Commission, 2020). The enormous amount of goods flowing between the EU and China represents the value of daily mutual trade on average more than $1 billion. Several interim data suggest that in 2020, China should overtake the USA in the context of the coronavirus pandemic and become the EU's largest trading partner.

The initiative has gained popularity in many countries that fully support the Chinese idea of the New Silk Road. Promoting China's so-called ,,win-win" cooperation is more challenging in the EU than it might seem. The EU is not a homogeneous economy. It is an integration grouping – economic union of 27 countries with different economic levels, which is why this topic provides a space for detailed research in individual member states and a more practical explanation.

1 LITERATURE REVIEW

Since the introduction of the BRI, as an ever-evolving and open-ended project, many perspectives on its broad-spectrum issues have appeared in the literature. In relation to the EU according to Geeraerts (2019) as the endpoint and focus of China's BRI, the EU is well aware of its important role in the initiative. Therefore, the EU aims to take advantage of this opportunity under condition that the Chinese are willing to take into consideration its vital interests and conditions. But De Jonquières (2016) warns that the EU should see the BRI not as some giant leap forward - as the Chinese side often portrays - but as a series of small steps aimed at fostering steadily closer engagement with China. Baláž, Královičová, and Steinhauser (2020) claimed that it will be crucial for the future of the EU to find a way to cooperate effectively with China so that it is a mutually beneficial cooperation, which will bring prosperity to both trade partners. On the other hand, Casarini (2016) talks about major political challenge for the EU. There is the risk, in fact, that a scramble for Chinese money could further divide the EU member states and make it difficult for Brussels to fashion a common position vis-à-vis Beijing. Gerstl (2020) examined governance along the New Silk Road through comparison of ASEAN, the EU and 17 + 1 and points out, however, the 17+1 (formerly 16+1) cooperation format, established by China in Central and Eastern Europe as an umbrella for its bilateral relations, is embedded in the EU's governance system with strict standards and rules and regulates the Chinese presence in the region.

The authors also deal with the presence of the initiative, its impact, implementation, or consequences in individual countries around the world. Small (2017) marked Pakistan a China-Pakistan Economic Corridor (as the "flagship project" of the BRI), which constitutes the most expensive package of Chinese investments to be set in motion under its auspices to date. Nosov (2020) examines the history of the Chinese project, the reasons for its occurrence, and the problems arising in bilateral and global relations in the context of Russia's participation in it. Djankov and Miner (2016) reviewed three case studies of former Soviet countries that have become eager participants in the BRI: Kazakhstan, Georgia, and Russia to show how the initiative may fit into these countries' national development agendas. Iran's international position and its relations with the EU in the context of the awakening New Silk Road was examined by Baláž & Borovská (2019). They pointed that Iran has strengthened its trade relations with the EU and China which has resulted in participation in the New Silk Road and pointed that large infrastructure and logistics projects such as BRI, the construction of the Trans-Asian Highway and the fact that by activating its unique reserves of energy and other raw materials, Iran could restore its position as a strong business partner to its effective use. In the context of the Western Balkans region, Kašťáková, Drieniková & Zubaľová (2019) point out that BRI can lead to a debt crisis in the region and weaken already unstable countries in the region. Tzogopoulos (2017) examined the BRI as a plan to help China better explore the Mediterranean, intensify its relations with the countries concerned, and possibly help resolve conflicts across Eurasia, following the examples of Greece and Israel. He considers these countries to be pioneers in experiencing the Chinese ,,appetite for investment." In the case of the EU countries, the authors focus more on countries in the CEE region, e.g. Martura (2018) analysed the perceptions of the BRI initiative in Hungary and Slovakia or Kostecka-Tomaszewska & Czerewacz-Filipowicz (2019) called Poland a gate to the EU or a bottleneck in the BRI. These selected publications also confirm the claims of Baláž, Zábojník & Harvánek that the implementation of the BRI will have a significant impact on the geopolitical landscape.

2 METHODOLOGY

As evidenced by a selected review of the literature, there is a rising interest among academics and politicians about the potential economic impacts referring to the growing engagement of China in the EU. The EU faces new challenges in China's economic, political, and investment ambitions of China, which may strengthen their influence in the region and it provides a space for BRIs research in the EU Member States.

This study aims is to compare the presence of the Chinese initiative in Germany and Italy and its impact at various levels. Therefore, the basic research question was formulated:

- *What are the major differences in the BRI's presence in Germany and Italy?*

Thus, the current study hypothesized that:
H1: There is a different perception of the BRI at the government level in Germany and Italy.

H2: China is investing in different sectors in these countries.

H3: In Germany and Italy, China prefers infrastructure for different modes of transport as key for implementation of the BRI.

In the introduction, we briefly summarize the positions of China - its aims regarding the BRI initiative and justification for focusing on the EU. Furthermore, the article deals with the presence and explanation of the EU's different views on the initiative. The following sections focus on examining the initiative in two countries - Germany and Italy. In both cases, we examine its presence in the country. With Germany, we are highlighting China's strategic interests in terms of access to technology, the direction of Chinese investment, the most important projects, and we are examining the government's approach and companies' approach to the initiative. In Italy, we are highlighting a different government approach, as well as the focus of investments, the most important projects, and the role of Italy in the initiative. Consequently, we provide a comparison of our major findings.

The paper draws on qualitative methods, consisting of secondary data and information analysis. It uses data provided by relevant institutions such as the EU institutions, the ITC Trademap, and official Chinese authorities. Given the struggle of transparency in Chinese investment, the article by China Global Investment Tracker (CGIT), compiled by The American Enterprise Institute and The Heritage Foundation, is applied to analyse individual investments in countries chosen by us. CGIT provides a comprehensive set of data on foreign direct investment (FDI) and China's construction contracts. The limitation is CGIT monitors China's construction activities and global investments valued at least $100 mill. In particular, current press releases of individual investments were used to analyse the data obtained and to bring investment projects closer to them, as China does not disclose all the details of the implemented and planned projects. Other methods, such as deduction, induction, and especially comparison, were also used. Table and graphical representation were used to make the obtained data more clear. We supplemented the complex picture of the researched issue with comments and verbal descriptions of graphs, tables, and figures.

3 RESULTS AND DISCUSSION

The Chinese government has repeatedly stated that European countries, and other participating countries, can gain a lot of investments by supporting new projects along the New Silk Road, not only because the new infrastructure will facilitate trade flows between the European and Chinese markets. From the perspective of the EU, they have criticized the BRI for its poorly comprehensible policy framework. Not only that, although there has been significant improvement in the last decade of foreign trade relations between the two powers, which are considered "strategic partners", there are still notable differences between them in terms of political systems, ideas, values, and human rights. Moreover, trade and investment relations between China and the EU are accompanied by imbalances and non-reciprocity.

In 2016, the EU adopted a new strategy for China (European Commission, 2016). The strategy also promotes reciprocity, a level playing field, and fair competition in all areas of cooperation, with BRI cooperation conditioned by China's behaviour, as the EU calls for the declared goal of the project to become an open platform that respects market rules and international standards in order to bring benefits to all. It is also clear that the Xi Jinping administration is concentrating the BRI at the centre of its foreign policy and, regardless of the views of the EU institutions, is realizing its vision of renewing the Silk Road in this area as well.

Since the launch, the BRI has divided the EU into two groups. The split seems to run between the so-called core European states, especially France and Germany, who, alongside the EU institutions, are increasingly critical of China's engagement in Europe, and much of the so-called European periphery, the countries of South, South-Eastern (CEE) and Central-Eastern Europe, who see the engagement as 'reviving' their economies (Jakimów, 2019).

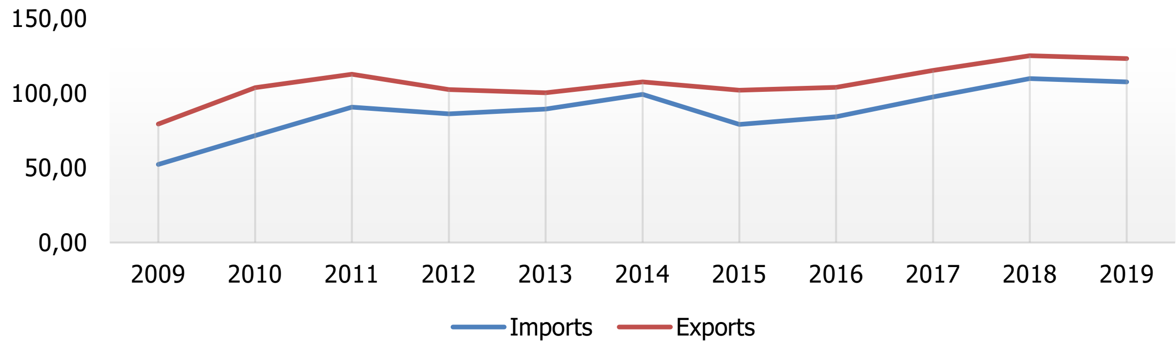
On the one hand, there are countries within the EU, especially the framework CEE 17 + 1, where are some the EU countries such as Bulgaria, Croatia, the Czech Republic, Hungary, Latvia, Lithuania, Poland, Romania, Greece, and also Slovakia, that see the BRI positively, although there are advantages and disadvantages of the Chinese partnership. In deepening cooperation with China, economic factors motivated primarily the CEE countries. Many European countries facing economic problems are turning to China as a source of investment, not as a first option, but as a last resort. An example is Greece. While other European creditors in Greece introduced austerity measures in 2010, China has invested in the port of Piraeus, it has been investing since 2009. Piraeus has become the biggest port, in terms of container traffic, in the Mediterranean and is one of the key hubs of the BRI. China made the most significant investment in 2016 when COSCO first bought a 51% stake and then a 67% stake for $419.7 mil. (Stamouli, 2016). In August 2018, the Chinese and Greek Foreign Ministers signed a MoU on BRI cooperation (ChinaDaily, 2018), strengthening Greece's position as the gateway to the new "Silk roads" between Europe and Asia. Many of these countries, including the V4 countries, signed these MoUs as the first EU member states as early as 2015. Improving relations with China gives these smaller and weaker European states, which have historically been influenced by Russia and Germany, greater strategic and economic flexibility.

On the other hand, Europe's largest economies such as Germany or France share similar concerns with the EU institutions that key elements of China's trade and industrial policy, such as forced technology transfer, intellectual property theft, lack of investment transparency, and insufficient market reciprocity are economic threats to the EU. They also complain about the inflow of Chinese investment and its alleged consequences in terms of o political influence, control of key transport hubs, and access to sensitive technologies. Similarly, these countries have publicly criticized another large EU economy - Italy as the first G7 country to officially join the BRI. According to the Italian Minister of Economic Development, Luigi Di Maio, the aim is to correct trade imbalances between the two countries thanks to such cooperation (Astana Times, 2019). This calls on the question, what are the differences between the BRI in Germany and Italy?

3.1 Germany

Among the EU countries, Germany is China's largest trading partner with a foreign trade turnover of more than $230 bil. in 2019. Since the post-crisis period, foreign trade has increased significantly, as shown in Fig 1. Interestingly, Germany does not have as high trade deficit as other European countries, which is mainly because Germany still belongs to the technological and engineering superpowers.

Fig. 1 Chinese trade with Germany (2009-2019, in billions of $)



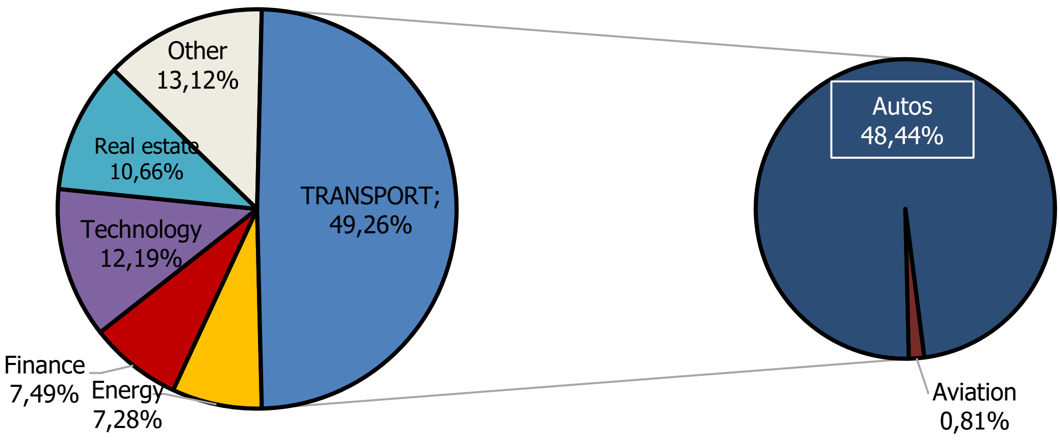
Source: Processed by the authors according the data from ITC Trade Map, 2020

But China is catching up. China has developed another strategy in the background of the BRI - Made in China 2025 (MiC 2025) strategy, which was presented in May 2015 by Chinese Prime Minister Li Keqiang. This 10-year comprehensive strategy for the period 2015-2025 focuses largely on R&D or production in strategic sectors and aims to secure China's position as a global power in technologically advanced industries (PRC Council, 2015). McBride and Chatzky

(2019) set out the basic tools by which China implements MiC 2025. First, there is a notable increase in direct support to the industry through low-interest loans for Chinese companies and investing in foreign companies, especially semiconductor companies, to gain access to advanced technologies. According to CGIT, China has made 47 acquisitions in Germany since 2015, each worth more than $100 mill. Much of this investment comes from state-owned enterprises, companies, or funds supported by the Chinese government. Economic reforms in the 1990s reduced the role of state-owned companies in the economy, but still accounted for a 1/3 of GDP and about 2/3 of outgoing investments from China. The government supports many Chinese technology leaders on a global scale, such as Huawei and ZTE, although they are privately owned. Another important Chinese tool is the so-called "Forced Transfer Agreements". Foreign companies planning to invest or do business in China must enter joint ventures with Chinese companies on terms that require them to share sensitive intellectual property and advanced technological know-how. As Setser (2018) explained, China uses its joint venture rules to acquire external technologies from high-speed rail to energy or electric vehicle batteries. This limits the ability of European companies, in particular, to win large contracts, even though they have set up their companies in China. On the contrary, such joint ventures help China create its own successful companies.

According to the Rhodium Group (2020) Germany belongs to the so-called "Big Three" economies (together with a UK that left the EU in 2020 and France) as the top Chinese FDI destinations in the EU, largely due to a few large mergers and acquisitions (M&A) deals. A closer look at the investments based on data from CGIT (2020) shows that since 2013, China has invested more than $42.4 bil. in Germany. These projects are mostly investments.

Fig. 2 Breakdown of Chinese construction contracts costs and investments in Germany by sectors between 2013 and 2020 (in %)



Source: Processed by the authors according the data from American Enterprise Institute, 2020

There is only 1 public investment contract financed by a Chinese bank in Germany The breakdown of these Chinese investments by sectors is displayed in Fig.2. Out of the total investments and projected construction costs, half are budgeted for the transport sector (49.3%). Almost all investments (48%) in this sector concern the automotive industry, as it is Germany's number one sector. Germany also exports the most commodities from the group HS 87 (Vehicles other than railway or tramway rolling stock, and parts and accessories thereof) to China. Further significantly fewer investments are in the technology sector (12.2%). The real estate (10.7%), finance (7.5%) and energy (7.3%) sectors follow. Other are investments in various other sectors (health, metals, real estate, or tourism).

Chinese investment in Germany is mainly focused on gaining access to technology and know-how. This is reflected in the German Government's approach to the BRI. It is necessary to note that BRI has neither yielded infrastructure investments in Germany nor has it featured as a driver of Chinese mergers and acquisitions (M&A) and greenfield investment activities.

However, Germany is an important partner in the implementation of the BRI, mainly thanks to five German-Chinese railway connections (Li & Taube, 2019): Leipzig - Shenyang, Duisburg - Chongqing, Hamburg - Zhengzhou, Hamburg - Harbin, and Nuremberg - Chengdu. Perhaps the most remarkable railway within the BRI is Duisburg – Chongqing opened in 2012. Several times a week, a train departs from Chongqing in southwest China to Duisburg in western Germany, passing through five countries. It is one of the longest journeys in the world (11,179 kilometres) in 16 days. It is about half as few days as in the classic sea container transport through the USA. The goods from China in this case consist mainly of electrical engineering from multinational companies such as Foxconn, which is a supplier to companies such as Acer, Apple, or HP. These railway routes also proved to be extremely important during the corona crisis, when they are used for the rapid transport of various medical supplies. From January to May 2020, a total of 12,524 tons of anti-pandemic materials were sent by train from China to European countries. COSCO transported 35 containers with this material, which were manufactured in the Central Chinese province of Hubei to Duisburg in just over 10 days (Xinhua, 2020). In the grand scheme of the BRI, Duisburg's total impact on European-Chinese trade is relatively small, however, its impact has been significant. According to HSBC (2019), China-Europe freight trains account for 1% of the total trade between the two regions by weight and 2% by value. On the other hand, this railway is expected to have a positive effect on local employment. Around 300 logistics-oriented companies are based in the port of Duisburg. In total over 20,000 jobs in Duisburg depend on the port (Li, Bolton & Westphal, 2018). We can expect that in the future, Duisburg and its nearby region will attract more and more Chinese companies and also an increasing number of Chinese tourists.

As pointed out above, the German government has reason to criticize Chinese foreign trade policy, but given the scope of the BRI, the involvement of Germany as a leading European economy is essential. This was confirmed by German Chancellor A. Merkel herself, who identified the BRI as an important project in which Europeans want to participate but also considers it essential for EU countries to play an active role that must lead to a certain level of reciprocity (Reuters, 2019). The expansion of cooperation at the government level through the MoU is not yet planned. German Economy Minister P. Altmaier announced at the Beijing BRI Summit in April 2019 that Germany, France, Spain, and the United Kingdom (former member of the EU) will cooperate to implement BRI only jointly (Daly, 2019): "In the large EU states we have agreed that we don't want to sign any bilateral memorandums but together make necessary arrangements between the greater European Economic Area and the economic area of Greater China". This reaffirmed the country's caution against Chinese influence. On the other hand, Germany was one of the first EU members of the Asian Infrastructure Investment Bank (AIIB), a multilateral development bank whose initiation is linked to the BRI. It has been practically operating since 2016 with its headquarters in Beijing and its registered capital is more than $100 bil. It is a global financial institution that is supposed to be a competitor of the World Bank because according to China, it is too "tied" with the USA and Japan. The AIIB has 103 members and is one of the most important institutions in terms of project financing along the BRI.

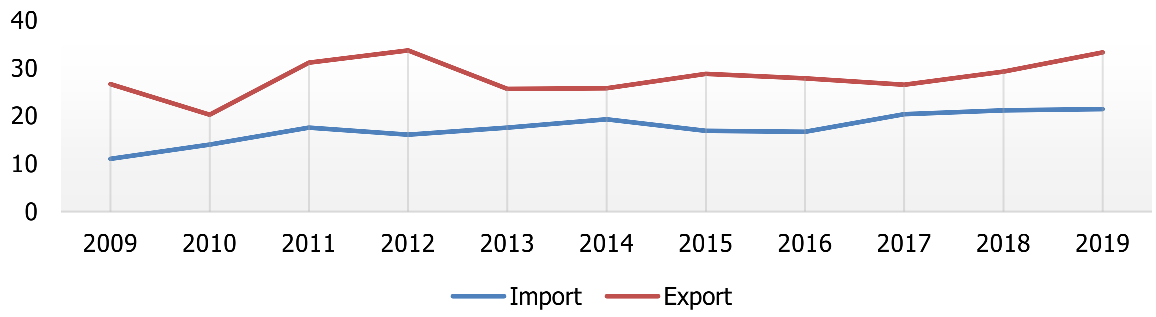
However, German companies and their associations have a different point of view, unlike the German government, which takes a cautious approach to the initiative. According to a representative of the Federal Association of German Silk Road Initiative, BRIs represent an opportunity to penetrate new markets, for example in Asia, Africa, and in Eastern and Southern Europe, which are not so well connected. China thus provides links, thus creating opportunities to expand markets for German companies (ChinaDaily, 2019 The New silk road Partnership –

Entrepreneur network has also been founded Small and Medium Enterprises New Silk Road Futures Award to raise awareness of the Silk Road's potential for German small and medium enterprises. A non-profit organization BRI-GERMANY was established in Germany, which aims to start interpersonal, interdisciplinary, and intercultural synergies between individuals, companies, organizations, academia, and associations that seek to achieve a positive impact through mutual exchange and cooperation along the BRI (BRI GERMANY, 2020). We can consider the signing of the MoU within the BRI in 2018 by Siemens and the NDRC for the most significant step taken by the German company in connection with the participation in the BRI (Siemens, 2018). Siemens has thus become the first international company to form a comprehensive partnership with the Chinese government, which again highlights the unique and unconventional way in which the Chinese government implements the BRI, penetrating various countries.

3.2 Italy

Italy has been a member of AIIB since 2016. In March 2019, Italy became the first country of the so-called G7 group, representing the world's seven most advanced economies that signed a new MoU on cooperation within the BRI. According to the official MoU text, this means translating, for both countries, their complementary strengths into the benefits of practical cooperation and sustainable growth, in order to achieve synergies between the BRI and the priorities of the Investment Plan for Europe and TEN-T (Italian Government, 2019). Italy's major goal is to support exports of "Made in Italy" products, to reduce the trade deficit with China which, based on the latest available data, is more than $10 bil. (fig. 3) and to attract Chinese FDI. This should help Italy overcome the economic recession, which has also been deepened by the global pandemic.

Fig. 3 Chinese trade with Italy (2009-2019, in billions of $)

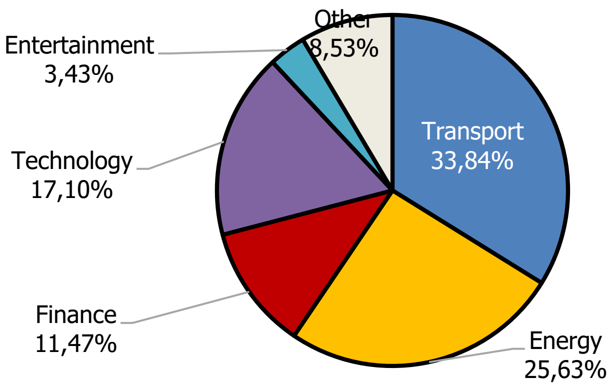


Source: Processed by the authors according the data from ITC Trade Map, 2020

In the context of this memorandum, 29 trade agreements worth $2.8 billion were signed. Ministers signed deals over energy, finance, and agricultural produce, followed by the heads of big Italian gas and energy, and engineering firms - which will be offered entry into the Chinese market (BBC, 2019). The relatively young partnerships have seen significant projects. China Communication Construction Company (CCCC) is preparing agreements on cooperation in the joint development of port projects. They will collaborate on the modernization and reconstruction of the ports of Genoa and Trieste (Si, 2019). As part of the BRI, China is currently funding and building a network of ports and other coastal infrastructure projects from South and Southeast Asia to East Africa and the Mediterranean. Ports, however, cannot be efficient and reliable without a sound and modern railway system. The improvement of the Italian railway network is then another crucial step that should be taken for Italy to enjoy a stronger position in the development of Eurasian connectivity (Prodi & Fardella, 2017). Unlike Germany, Italy still lacks a railway, which is considered a key to the BRI. A faster and cheaper railway connection could lower export costs and boost Italian trade.

Chinese goods are shipped through the Suez Canal, then in a wide loop through the Mediterranean, the Bay of Biscay, and the English Channel to ports on Europe's north-western coast, including Rotterdam, Antwerp, and Hamburg, from where they are dispatched by road and rail to inland cities. China is investing enormous sums in the renovation, and upgrade of rail systems in Southern and Eastern Europe. Once these projects are completed, Chinese products will go from the Suez Canal – which in 2014 doubled its capacity – directly to Piraeus to be loaded on to trains, reaching the markets in Central and Northern Europe through the Balkan high-speed rail link, cutting transit times from roughly 30 to 20 days (Huotari et al., 2016). Similarly, the Italian route will include both sea-based and land-based connections. Chinese shipping companies have a well-established presence in the Italian ports.

Fig. 4 Breakdown of Chinese construction contracts costs and investments in Italy by sectors between 2013 and 2019 (in %)



Source: Processed by the authors according the data from American Enterprise Institute, 2020

As we show in Fig.4, out of the total investments and projected construction costs, one-third is budgeted for transport (33.8%) and slightly less for the energy sector (25.6%). They are followed by the technology (17.1%) and finance (11.5%) sectors. They also record investments in other sectors such as real estate, health, entertainment, and logistic (12%).

Tab 1. List of Chinese investments and contracts in Italy that are part of the BRI

Year	Month	Chinese Entity	Mill. $	Transaction Party	Sector
2014	March	SAFE	2 760	Eni, Enel	Energy
2014	November	State Grid	2 760	CDP Reti	Energy
2015	June	ChemChina, SAFE	7 860	Pirelli	Transport
2015	June	SAFE	1 220	Intesa Sanpaolo	Finance
2015	June	SAFE	820	Unicredit	Finance
2016	December	ZTE	1 010	-	Technology
2019	July	Huawei	1 250	-	Technology

Source: Processed by the authors according the data from American Enterprise Institute, 2020

However, unlike in Germany, there is a whole range of investments in Italy related to the BRI. We show the most important in the tab. 1. The most valuable BRI investment in Italy was announced in 2015, when Pirelli shareholders had accepted over $7.8 bil. bid from China National Chemical Corporation (ChemChina) and took about 65 % share. Following the announcement investment, the Silk Road Fund - $40 billion investment fund, which is one of the most important financial institutions for financing BRI projects in addition to AIIB, has joined ChemChina to co-finance the transaction. Since then, this investment is considered to be a project falling under the BRI (ChinaDaily, 2015). In 2017, one of the largest tire manufacturers in the world returned up to 40% of its capital to the market with an initial public offering, and the Chinese side has a share between 45 and 46.7% (is not officially specified) after this sale. In 2014, the Chinese State Administration of Foreign Exchange (SAFE) has acquired stakes of around 2% in Italian state-owned energy companies, Eni and Enel. These companies are the two largest in Italy and are among the top 100 largest companies by annual revenue according to Fortune Global 500 (2019).

Italy is not only publicly criticized by other EU member states but also, for example, by the USA, for deepening cooperation within the BRI. The major threat is that many of the projects financed by China are as loans, which can lead to increasing indebtedness of Italy and consequently its increasing economic dependence on China. Vulnerability to Chinas' political influence is also increasing. China uses such a so-called debt trap strategy in several countries to consolidate its strategic interests.

3.3 Comparison of Italy and Germany in relation to BRI

When we look at the perception and scope of the initiative in these large EU economies, we find significant differences which are summarized in tab. 2.

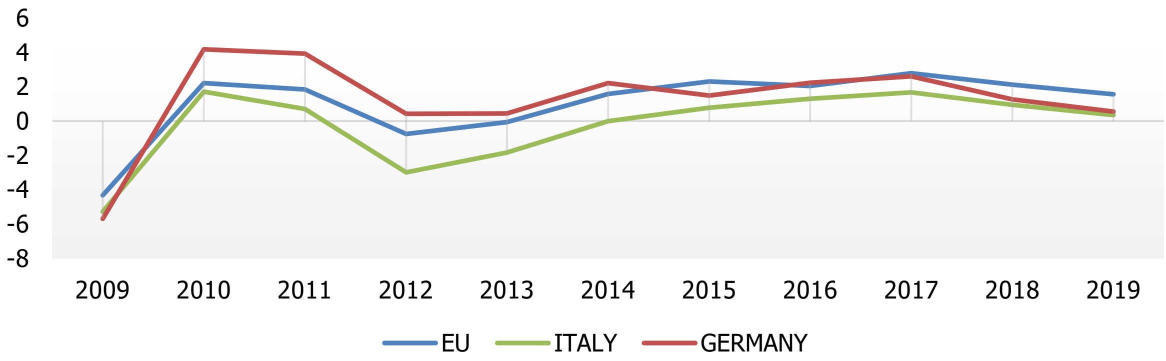
Tab. 2 Overview of BRI-related features of Germany and Italy

	AIIB membership	Governmental MoU on BRI	BRI related port projects	BRI related railway connections	BRI related investments	BRI related associations
GERMANY	X	-	-	X	-	X
ITALY	X	X	X	-	X	-

Source: Processed by the authors

Both countries have been members of the AIIB. As stated by Beeson (2018) the UK became the first major Western power to lodge an application to be a founding member, despite the clear unhappiness of the US. Britain's lead was rapidly followed by other key European countries, including Germany, France, and Italy. They also joined the AIIB in April 2015. Although Germany has concerns that AIIB serves Chinese economic and geopolitical interests, it saw an opportunity for European involvement to shape the AIIB into a real international financial institution, instead of being a bank with "Chinese characteristics" (Stanzel, 2017). Italy is one of the first of the largest economies to sign an intergovernmental MoU of cooperation, which is considered a symbol of open participation in the initiative. This MoU contains no legal implications, nor is it a treaty. It all depends on the ability of the Italian government to act as an effective partner with China, thus achieving the declared goals of mutual partnership and reciprocity. Germany is still one of the biggest critics of China's foreign policy which translates into a refusal to sign such a memorandum. On the other hand, it no longer completely rejects, but rather calls for a coherent EU approach to BRI. Germany is an important transport hub thanks to the railways. Duisburg's railway port has become a key transport hub in the relationship with China, but China can expand trade influence in Germany. Italy does not yet have a rail connection related to BRI. However, because of its geographical location, it plays a very strategic role in the field of ports, which is why agreements have already been signed that allow Chinese companies to take part in the refurbishment of major Italian ports. For China, as well as for the trajectories of the initiative, this means acquiring additional key hubs in the Mediterranean, similar to Piraeus, which in the future could bring either an important logistical position for Italy or a prime influence of China. As we have shown in the article, China is making an enormous amount of investment in both countries. The difference is that none of the realized ones, especially mergers and acquisitions, are considered part of the BRI. Italy has a wide range of BRI-related investments, led by the acquisition of Pirelli. The not very positive response of the German government to China's ambition to renew the Silk Road has led to the establishment of several business associations that seek to promote the positive side, especially for companies. In our research, we did not find information about similar establishments in Italy.

Fig. 4 GDP growth between 2009 and 2019 (in annual %)



Source: Processed by the authors according the data from World Bank, 2020

CONCLUSION

China is actively pursuing its interests on the European continent which is largely represented by the EU. From the beginning of the implementation of the BRI, it seemed that there would be different perceptions between the so-called "strong EU economies" and "weaker or post-socialist" countries in the CEE region. However, it turns out that there is no consensus among the leading European economies either. In this study, we came to the following conclusions:

First, in recent years Italy has been actively developing intergovernmental cooperation on the initiative and has a positive perspective on participation. Germany does not consider formally joining the initiative. German officials call for greater reciprocity and have stricter conditions. However, SME organizations in this country see opportunities for their own development and seek to encourage involvement in the initiative. Therefore, we accept hypothesis 1, as there are obvious differences in the BRI's perception at the government level.

Second, it turned out that China is investing in the same sectors in both countries, so we reject hypothesis 2. Although China is interested in the same sectors, there are different intentions. It is clear that the economic problems are encouraging Italy to participate more intensively, which also includes many of these investments are under the heading of the BRI. In Germany, on the other hand, China is making acquisitions that give it access to technology and no investment project has been recorded as part of the BRI.

Third, in these countries, the primary focus is currently on different modes of transport. Therefore, we accept hypothesis 3. A key infrastructure element in Germany is the railways with the port of Duisburg, which is used mainly by Chinese exporters. In Italy, China is focusing on ports that could complete its vision of the 21st Century Maritime Silk Road. However, there is still a lack of a more modern - key railway that could quickly and efficiently connect major Italian ports with other countries with lower export costs and boost Italian trade.

The problem in different attitudes can be the lack of a common strategy towards the Chinese BRI in the EU, which is somehow reflected in China's inconsistent approach to negotiations and cooperation with EU member states. The year 2020 brought a breakthrough in EU-China relations. The EU and China have managed to conclude negotiations on a new investment agreement, which would mean the implementation of a new trade agreement between these economies after over thirty years. As the agreement aims at better market access conditions, reciprocity and guarantees regarding the treatment of investors it may have a positive effect on the BRI negotiations.

The importance and dynamics of the topic offer the opportunity to analyse other countries within the EU to provide a comprehensive picture of the initiative. Over several years, provided that there is a sufficient amount of data, more exact empirical research can be demonstrated that can prove the impact of the initiative on the given countries.

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